

# **MINUTES OF MEETING**

**RHODE ISLAND AIRPORT CORPORATION**

**FINANCE AND AUDIT COMMITTEE**

**WEDNESDAY, JUNE 19, 2013, AT 3:00 P.M.**

**IN THE MARY BRENNAN BOARD ROOM,**

**T. F. GREEN AIRPORT, 2000 POST ROAD**

**WARWICK, RHODE ISLAND**

The meeting of the Rhode Island Airport Corporation (“Corporation”) Finance and Audit Committee was called to order by Chair of the Committee, Deborah M. Thomas, at 3:15 p.m., in the Mary Brennan Board Room at T. F. Green Airport, 2000 Post Road, Warwick, Rhode Island, in accordance with the notice duly posted pursuant to the Open Meetings Law.

**COMMITTEE MEMBERS PRESENT:** Deborah M. Thomas; Kathleen C. Hittner, M.D., Joseph Cianciolo.

**COMMITTEE MEMBERS ABSENT:** Bradford Dimeo.

**ALSO PRESENT:** Kelly J. Fredericks, P.E., A.A.E., President and CEO; and those individuals listed on the attendance sheet attached hereto.

**1. Approval of the Minutes:**

**A motion was made by Dr. Hittner and seconded by Ms. Thomas to approve the Minutes of the Finance and Audit Committee Meeting of March 20, 2013. The motion was passed unanimously.**

## **2. Action Item:**

**(a) Consideration of and Action Upon Approval of the Fiscal Year 2014 Budget.**

**Mr. Fredericks stated that having viewed many airport budgets over the years, the RIAC budget prepared by Mr. Schattle, Ms. Williams and the Finance Department is the most user friendly and comprehensive budget he has ever seen and he is very impressed.**

**Ms. Thomas stated the RIAC team does an excellent job in preparing the budget and providing detailed descriptions for each line item resulting in fewer questions on the budget each year.**

**Ms. Williams gave an overview of the FY 2013 budget process noting that a meeting was held with each department head to discuss specific needs. Discussion focused on revenues, including airline rates and charges, concessions and parking.**

**Ms. Williams gave an overview of the operating budget noting that revenue was down half a percent from the prior fiscal year due to decreased enplanement trends. Ms. Williams noted that a \$1 increase**

**has been implemented for all parking, with the exception of the short term parking lot, to offset the negative enplanement trend.**

**Ms. Williams gave an overview of airlines revenues and noted that the \$11.00 CPE from the prior fiscal year will increase to approximately \$11.50 due to decreased enplanement. Ms. Williams noted there is continued open communication with the airlines to discuss increases and enplanement trends.**

**Ms. Williams discussed personnel expenses and noted there was a decrease in payroll expenses based on the current number of employees. Ms. Williams noted the employer contribution, with an employee match, to the 414H retirement plan will increase from 6% to 8%. The budget also assumes a 2% pay increase. Ms. Williams also noted an increase in worker's compensation insurance.**

**Ms. Williams gave an overview of general operating maintenance costs and noted a decrease in utility expenses and an increase in expenses for general aviation due, in part, to scheduled vegetative and wildlife maintenance items.**

**Ms. Williams gave an overview of other income and expenses. Discussions focused on interest expenses on bonds, PFC income, grant income and contributed capital.**

**Ms. Williams gave an overview on revenue and expenses for the**

**InterLink Facility. Ms. Williams noted that revenue is down due to decreased enplanement trends and expenses remain flat. Dr. Hittner asked if the InterLink facility was following business plan expectations. Ms. Williams stated the facility's budget is in line with the bond covenants. Mr. Cianciolo asked when the project is expected to break even. Ms. Williams stated she would gather that information and provide an update.**

**Ms. Williams gave an overview of the debt service.**

**Ms. Williams gave an overview of the capital improvement program noting there is a total of 27 projects planned. Sixteen projects are planned at T. F. Green Airport and eleven are planned for the general aviation airports. There was general discussion on several priority projects that are scheduled for fiscal year 2014.**

**Ms. Thomas stated it is important to note that revenue decreases are due to decreased enplanements and the corporation continues to focus on keeping expenses down. Ms. Thomas stated it is important to note that RIAC continues to operate the airports to cover its own expenses.**

**Committee Members thanked Ms. Williams and RIAC staff for their work on the FY 2014 budget.**

**A motion was made by Dr. Hittner and seconded by Mr. Cianciolo to**

**approve the FY 2014 budget, subject to Board approval. The motion was passed unanimously.**

**(b) Consideration of and Action Upon Approval to Bind Insurance Policies that are Effective on June 30, 2013.**

**Mr. Frazier gave an overview of the policies. There was general discussion on the increased premium for workers compensation. It was noted that the increase was based on injury history at RIAC. Mr. Frazier stated that RIAC will continue to be proactive and provide safety training for employees. Mr. Frazier stated Willis of Massachusetts provided excellent service in the negotiation of rates. The recommendation is that the Committee authorizes the President and CEO, or his designee, to bind the insurance policies that are effective June 30, 2013 as recommended by Willis of Massachusetts, Inc. and RIAC management, subject to Board approval.**

**A motion was made by Mr. Cianciolo and seconded by Dr. Hittner to approve the following resolution:**

**WHEREAS, the Rhode Island Airport Corporation (RIAC) is responsible for the maintenance and operation of airport facilities at the six Rhode Island airports; and**

**WHEREAS, RIAC carries General Liability Insurance, Aircraft Hull and Liability Insurance, Property Insurance, Automobile Insurance, Inland**

**Marine (Mobile Equipment) Insurance, Crime Insurance, Fiduciary Insurance, Cyber Insurance, Workers' Compensation Insurance, Pollution Insurance, Flood Insurance, Storage Tank Insurance and Director's and Officer's Insurance policies; and**

**WHEREAS, all policies except for Pollution, Director's and Officer's, Storage Tank and Flood have renewal dates of June 30, 2013; and**

**WHEREAS, RIAC utilizes the brokerage services of Willis of Massachusetts, Inc. (Willis) to competitively market its Insurance Program; and**

**WHEREAS, after an extensive marketing process, Willis and RIAC management recommend that the following policies be bound effective June 30, 2013:**

**Policy Carrier Premium**

**Property American Guarantee and Liability Insurance Company  
(Zurich) \$ 438,000**

**General Liability Commerce and Industry Insurance Company  
(AIG) 99,490**

**Automobile New Hampshire Insurance Company (AIG) 60,455**

**Mobile Equipment Hartford Fire Insurance Company 27,487**

**Crime Travelers Casualty and Surety Company of America 5,775**

**Fiduciary Travelers Casualty and Surety Company of America 5,850**

**Aviation Hull Liability United States Aviation Underwriters**

**(USAIG) 31,000**

**Workers' Compensation Beacon Mutual Insurance Company 402,565**

**Cyber ACE American Insurance Company 12,453**

**Total \$ 1,083,075**

**WHEREAS, RIAC's proposed fiscal year 2014 budget provides funding for these policies through its Operating & Maintenance (O & M) budget.**

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

**That the Committee authorizes the President and CEO, or his designee, to bind the insurance policies that are effective June 30, 2013 as recommended by Willis of Massachusetts, Inc. and RIAC management, subject to Board approval.**

**The motion was passed unanimously.**

### **3. Future Meetings:**

**The next meeting will be announced.**

### **4. Adjournment:**

**Mr. Cianciolo moved to adjourn at approximately 3:45 p.m. Dr. Hittner seconded the motion. The motion was carried by acclamation.**

**Respectfully submitted,**

**Deborah M. Thomas, Chair  
Finance and Audit Committee of  
the Rhode Island Airport Corporation**

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**ATTENDANCE SHEET**

**RHODE ISLAND AIRPORT CORPORATION**

**FINANCE AND AUDIT COMMITTEE**

**JUNE 19, 2013**

**Peter Frazier    RIAC**

**Nicole Williams    RIAC**

**Liberty Luciano    RIAC**

**Doug Dansereau    RIAC**

**Jeff Goulart   RIAC**

**Nancy Rogers   Willis of Massachusetts**

**Robert Geoff   New England Parking**

**Raymond Choiniere   House Policy Office**

**Richard Langseth   Greenwich Bay Watershed**